



Foreign Agricultural Service

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Croatia

Grain and Feed

Wheat and Corn Update

2002

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Report Highlights: Croatia's wheat crop is nearly 950,000 MT, much larger than expected. Up to 250,000 MT will be exported using government subsidies, a policy that likely violates Croatia's WTO commitments. The corn crop looks very good and weather conditions have been favorable. Croatia will export small surpluses to neighboring ex-Yugoslav countries. Some farmers are prepared to store or feed corn in light of the current low price for corn.

This report provides a Production Supply and Demand (PS&D) estimate for both wheat and corn. (The wheat estimate remains unchanged from HR2012.)

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Vienna [AU1], HR

Wheat - Payments to Exporters

The Government has budgeted Kn 143,000,000 (over \$19 million) in export support for wheat. Three domestic export companies were selected based on a tender earlier in the year. The government will reimburse these companies for the difference between the domestic purchase price (about \$140/mt in 2002) and the final sale price. Payments will be made in two instalments: the first one at the end of December 2002 and second at the end of May 2003. According to Croatia's WTO schedule of commitments, Croatia's allowable export subsidies are 'zero'.

The government will not purchase wheat intervention stocks this year.

Wheat - Payments to Producers

The government provides an area payment of about Kn 1,610 (\$216) per hectare (ha) for wheat production. For 2002, the Ministry of Agriculture budgeted subsidies for 165,000 ha but 219,000 ha were ultimately planted.

This fall, the Ministry of Agriculture will attempt to limit the final sown area for next year's crop by putting a minimum 3 hectare limit and requiring proof of a signed contract between the producer and buyer. This new policy should discourage smaller farmers and decrease wheat acreage. Despite government subsidies, many small farmers are not profitable because their production costs for wheat are relatively high.

Wheat - Credit

For the first time in 2002, larger farmers have greater access to credit through the use of warehouse receipts as collateral for operating loans.

Wheat - 2003 Area Will Be Smaller

In a bid to curb excess wheat production, the government has announced a plan to reduce farmer planting of wheat by up to 16,000 ha for the 2003 crop.

Wheat - PS&D

PSD Table						
Country	Croatia					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	235	235	215	215	215	219
Beginning Stocks	373	373	429	326	429	331
Production	1032	1032	950	800	900	943
TOTAL Mkt. Yr. Imports	10	1	50	5	50	7
Jul-Jun Imports	10	7	50	40	50	7
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1415	1406	1429	1131	1379	1281
TOTAL Mkt. Yr. Exports	236	330	200	100	150	250
Jul-Jun Exports	236	139	200	300	150	250
Feed Dom. Consumption	50	45	50	45	50	40
TOTAL Dom. Consumption	750	750	800	700	800	740
Ending Stocks	429	326	429	331	429	291
TOTAL DISTRIBUTION	1415	1406	1429	1131	1379	1281

Corn

Good weather will contribute to a corn surplus this year. Producers are facing low prices (about \$90/MT in the first week of September and falling). Most of the surplus will be exported to ex- Yugoslavia countries (i.e., Bosnia-Herzegovina and Slovenia). Some farmers will store their harvest and wait for better market prices in the Spring. Some farmers will also expand pork production and use corn for feed.

Corn - Payments to Producers

The government provided an area payment of about Kn 1,000 per hectare (\$133.33) for corn production. For 2002, the Ministry of Agriculture budgeted subsidies for 375,500 ha, which is six percent more than last year. 389,000 ha were ultimately planted.

Exchange rate: 7.5 kuna to \$1

Corn PS&D

PSD Table						
Country	Croatia					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	200	350	380	0	390	389
Beginning Stocks	351	350	48	200	298	0
Production	800	1850	2100	0	2000	2400
TOTAL Mkt. Yr. Imports	182	0	100	0	20	8
Oct-Sep Imports	182	0	100	0	20	8
Oct-Sep Import U.S.	0	0	0	0	0	0.1
TOTAL SUPPLY	1333	2200	2248	200	2318	2408
TOTAL Mkt. Yr. Exports	5	0	50	0	50	100
Oct-Sep Exports	5	0	50	0	50	100
Feed Dom. Consumption	1190	1900	1800	0	1900	1900
TOTAL Dom. Consumption	1280	2000	1900	0	2000	2000
Ending Stocks	48	200	298	0	268	308
TOTAL DISTRIBUTION	1333	2200	2248	0	2318	2408